

11-42-702 Reserve fund.

- (1) In lieu of creating and funding a guaranty fund under Section 11-42-701 for an issue of assessment bonds or refunding assessment bonds, a local entity may establish a reserve fund to secure the issue.
- (2) If a local entity establishes a reserve fund under this section:
 - (a) the bonds secured by the reserve fund are not secured by a guaranty fund under Section 11-42-701;
 - (b) the local entity is not required to fund a guaranty fund under Section 11-42-701 for those bonds; and
 - (c) unless otherwise provided in this part or in the proceedings authorizing the issuance of bonds, the provisions of this part regarding a guaranty fund have no application to the bonds that are secured by the reserve fund.
- (3) Each local entity that establishes a reserve fund shall:
 - (a) fund and replenish the reserve fund in the amounts and manner provided in the proceedings authorizing the issuance of the bonds that are secured by the reserve fund; and
 - (b) invest the funds on deposit in the reserve fund as provided in Title 51, Chapter 7, State Money Management Act.
- (4)
 - (a) Subject to Subsection (4)(b), a local entity may replenish a reserve fund under this section by any of the methods described in Subsection 11-42-701(1)(b).
 - (b) The proceedings authorizing the issuance of assessment bonds or refunding assessment bonds shall provide that if a local entity uses any of the methods described in Subsection 11-42-701(1)(b) to replenish a reserve fund, the local entity shall be reimbursed, with interest at a rate that the local entity determines, with money that the local entity receives from foreclosing on delinquent property.
- (5) Upon the retirement of bonds secured by a reserve fund, the local entity shall:
 - (a) terminate the reserve fund; and
 - (b) disburse all remaining money in the fund as provided in the proceedings authorizing the issuance of the bonds.

Amended by Chapter 246, 2009 General Session